

Message Text

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PAGE 01 STATE 009597
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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES PRIORITY

UNCLAS STATE 009597

BUENOS AIRES FOR MANSBACH

FOL RPT BOGOTA 0348 ACTION SECSTATE 12 JAN QUOTE

UNCLAS BOGOTA 0348

E.O. 11652: N/A

TAGS: EINV, CO

SUBJ: PROPOSED OPIC ANDEAN MISSION

REF: STATE 003107

1. DURING THE MONTH OF OCTOBER 1976, OPIC OFFICIAL JACK MOREMAN VISITED BOGOTA AS ADVANCE MAN FOR THE ANDEAN INVESTMENT MISSION. DURING HIS VISIT, EMBASSY OFFICER ACCOMPANIED HIM ON SEVERAL INTERVIEWS WITH COLOMBIAN GOVERNMENT OFFICIALS. BASED ON THE RESULTS OF THOSE INTERVIEWS, POST DOES NOT BELIEVE THAT AN OPIC-ORGANIZED INVESTMENT MISSION WOULD BE SUCCESSFUL AT THIS TIME.

2. PRIMARILY, OPIC CANNOT LEND IN COLOMBIA. THE COLOMBIAN GOVERNMENT WILL APPROVE FOREIGN LOANS FOR CONVERSION INTO PESOS WHICH HAVE A MAXIMUM INTEREST RATE OF TWO PERCENT OVER UNCLASSIFIED

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NEW YORK PRIME OR LIBO AND FOR A MAXIMUM REPAYMENT PERIOD OF FIVE YEARS. AS WE UNDERSTAND IT, OPIC WILL NOT LEND FOR LESS THAN SEVEN YEARS BECAUSE OF THE POSSIBILITY OF CONFLICTING WITH EXIMBANK PROGRAMS, AND THE OPIC INTEREST RATE IS CONSIDERABLY HIGHER THAN TWO PERCENT OVER PRIME OR LIBO.

3. SECONDLY, OPIC'S INSURANCE PROGRAMS ARE NOT OPERATIVE IN

COLOMBIA. ON AUGUST 14, 1974, THE FOREIGN OFFICE CLEARLY STATED IN A DIPLOMATIC NOTE THAT ARTICLE 51, DECISION 24 OF THE ANDEAN PACT DIRECTLY CONFLICTS WITH OPIC'S REQUIREMENT THAT THE GOVERNMENT SIGN A SUBROGATION AGREEMENT BEFORE INSURANCE CAN BE ISSUED IN COLOMBIA. OPIC IS AWARE OF THIS CONFLICT WHICH OBVIATES THE POSSIBILITY OF NEW INVESTMENT INSURANCE CONTRACTS BEING WRITTEN IN COLOMBIA.

4. LASTLY, BASED ON THE RESULTS OF OPIC'S DIRECT LENDING SEMINAR HELD IN BOGOTA LAST SPRING, POST DOES NOT THINK ANOTHER SEMINAR OR INVESTMENT MISSION IS JUSTIFIED IN THE FORESEEABLE FUTURE. OUT OF 200-250 INVITEES, ONLY 40 BUSINESSMAN ATTENDED AND NOT ONE COMPANY HAD A DEFINITE INTEREST IN AN OPIC LOAN FOR A PROJECT IN COLOMBIA.

5. BASED ON THESE CONSIDERATIONS, EMBASSY RECOMMENDS THAT OPIC RECONSIDER ITS PLANS FOR AN INVESTMENT MISSION TO COLOMBIA AT THIS SHOULD THE SITUATION CHANGE TO THE POINT WHERE OPIC'S PROGRAMS WOULD BE OPERABLE HERE, WE WILL ADVISE ACCORDINGLY.

6. PLEASE ADVISE ASAP OF OPIC'S DECISION REGARDING THE MISSION AND THE ADVANCE TEAM.
SANCHEZ

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